



Electronic Access Conference **2000 GET CONNECTED**



We Help Put America
Through School

Student Financial Assistance

Session 41

Direct Loan Reconciliation/Closeout Best Practices

What is Reconciliation?

- Payoff for conscientiously applied program of data hygiene and regular professional care (but more often than every 6-months!)
- Monthly balancing of school's Direct Loan books
- Cosmic state of balance between the school's and LOC's database

What Is Closeout?

- Successful conclusion to brilliant handling of everyday DL affairs.
- Everything I got, I either gave out or gave back.
- An Ending Cash Balance (ECB) of Zero.



Session 41

Presenter: Kim Jordan
***State University of West
Georgia***
Carrollton, Georgia



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Institutional Profile

- State University of West Georgia
- Undergraduate and Graduate
- Year 2 school
- Banner System
- \$13,000,000



Processing

■ Daily

- Origination
- Promissory Notes
- Change Records

Processing

■ Weekly

- Disburse to student accounts
- Drawdowns
- Notify students of disbursements
- Check P-Notes not acknowledged
- Sent disbursement records to LOC
- Disbursement reject reports
- Run various “Clean Up” reports



Processing

■ Monthly

- 30-Day warning report
- Balance Banner to CUFA
- Compare internal cash drawdowns to DLSAS
- Compare loan detail from DLSAS to loan disbursement reports



Processing

■ Special Reports

- Fund list for all Direct Loans – Compare Originated amount to disbursed
- Report of all loans not showing an accepted status
- Report of all loans needing a P-Note of entrance session



Processing

■ Special Reports

- Report of students who have received disbursements greater than origination amounts
- Overaward report

Helpful Hints

- Make sure to reduce amount on GAPS as funds are recovered
- Document very carefully!
- Keep all reports for audit purposes
- Keep in close contact with your CAM
- Keep in close contact with LOC CSR



Session 41

Presenter: Lisa McCleary
University of Georgia
Athens, Georgia

Institutional Profile

- The University of Georgia
- Undergraduate, Graduate, Law, Veterinarian Science, and Pharmacy programs
- Enrollment 30,000

Direct Loan Profile

- Year 2 school (95/96)
- Level 1/Option 2
- \$71,000,000+ disbursed annually
- Mainframe school Yr2-Yr6
- COMBO school Yr7->

Processing

■ Daily

- Origination
- P-Notes
- Change Records

■ Weekly

- Disbursements
- Drawdowns



Processing

■ Monthly

- Reconciliation to Accounting
- 30-Day warning report
- 732 data match
- DLSAS



Helpful Hints

- Follow up on disbursement errors immediately
- Internal records must be reconciled in a timely manner

Session 41

Presenter: Nellie Snyder
Piedmont College
Demorest, Georgia

Institutional Profile

- Piedmont College
- Demorest, Georgia
- Private College
- Bachelors and Masters Degree
- Enrollment: 1,700 (degree)



Direct Loan Profile

- 100% Direct Loan participation
- First year: Year 2 (95/96)
- 1,100+ loans disbursed annually
- \$5,000,000+ disbursed annually



Administrative Profile

- 1 Financial Aid Director
- 1 Assistant Financial Aid Director
- 2 Financial Aid Coordinators
- 5 Student Workers (Work Study)



Daily/Weekly Processing

- Daily Processing
 - P-Notes
 - Originations
 - Change Records
- Weekly Processing
 - Disbursements
 - Drawdowns



Monthly Processing

- 30-Day Warning Report
- Compare EDE Actual Disbursements to DB Actual Disbursements



Monthly Processing

- 3 Spreadsheets include:
 - DB-LOC Match (loan balance gross/fee/net comparison)
 - DB- Loan Detail (gross/fee/net/ date by disbursement)
 - Unbooked loans

Other Tools

■ SFA Reports

- Our Database generates reports which allows the user to query system and receive reports

Helpful Hints

- Reconciliation begins when the first loan is disbursed
- Reconcile with each Drawdown
- Cross reference reports
- Maintain close communication between the Business Office and Financial Aid Office

More Helpful Hints

- Invest in time and train Student Workers
- Work with Computer Information Systems
- Take advantage of the LO website
- Be patient yet persistent!

Session 41

Presenter: Kimberly Lachman
***The City University of New
York***

Institutional Profile

- The City University of New York
- NYC 5 Boroughs: Bronx, Brooklyn, Manhattan, Queens, Staten Island
- 19 Public Colleges
- Associate, Bachelors, Masters, Doctoral, Law
- Enrollment: 200,000 (degree), 150,000 (non-degree)



Direct Loan Profile

- 100% Direct Loan participation/18 colleges
- First year: Year 2 (95/96)
- Level 1/Option 2
- 30,000+ loans disbursed annually
- \$102,000,000+ disbursed annually



Administrative Profile

- 19 college FA offices with a DL Coordinator at each institution
- 2 Central processing offices
 - University Application Processing Center (UAPC)
 - CUDLS (City University DL System)
 - P-Notes
 - Originations



Administrative Profile

- 2 Central processing offices (cont.)
 - University Accounting Office (UAO)
 - SFA (Student Financial Aid System)
 - Disbursements

Daily/Weekly Processing

- Daily Processing
 - P-Notes
 - Originations
 - Change Records
- Weekly Processing
 - Disbursements
 - Drawdowns/Excess Cash
 - Disbursement Rejection Report



Monthly Processing

- 30-Day Warning Report
 - Distributed to college loan coordinators for review
- DLSAS
 - Used to compare monthly cash detail to internal accounting records
 - Loan detail not received



Monthly Processing

■ 732 Data Match

- Custom designed mainframe compare program for loan detail, cash detail and cash summary
- Discrepancy report imported to Excel to create 4 spreadsheets



Monthly Processing

- 4 Spreadsheets include:
 - CUNY-LOC Match (loan balance gross/fee/net comparison)
 - CUNY Loan Detail (gross/fee/net/action date by disbursement)
 - Unbooked loans
 - Cash Summary Match



Other Tools

■ SFA Reports

- Mainframe report generator allows the user to query system and receive reports

■ Direct Loan Meetings

- Monthly meetings of DL coordinators with representation from each college and Central Office to discuss federal regulations, technical changes, processing problems, etc.



Helpful Hints

- Reconciliation begins when the first loan is disbursed
- Document all correspondence (verbal and written) during the reconciliation process
- Cross reference reports
- Maintain close communication between the offices responsible for DL processing



More Helpful Hints

- The CSR should be familiar with the processing and operating procedures at the college
- Don't underestimate the power of your CAM
- Take advantage of the LO website
- Be patient yet persistent!





Session 41

Presenter: Doug Bullock
Chandler-Gilbert Community
College



Institutional Profile

- Chandler-Gilbert Community College
-Chandler, Arizona
- Two Year Public
- One of 10 Colleges within the Maricopa
Community College District in Phoenix
- One College, Three Locations
- Transfer, Associate, Certificate Programs
- 6200 Students



Direct Loan Profile

- 100% Participation
- First Year - 1995-96
- Level 1/Option 2
- 500+ Loan Recipients Annually
- \$1.8+ Million Disbursed Annually
- Mainframe/PC
 - EDExpress Software



Administrative Profile

- Primary Processing
 - Fin Aid Office
 - Staff of Four
 - One Primary DL Coordinator
 - Loan Record Processing
 - Exporting/Importing



Administrative Profile

- Supplemental Support
 - District Office
 - Destination Point
 - Drawdowns
 - Programming



Direct Loan Processing

- Daily Creation of Loan Records
- Weekly Export/Import of Files
 - Orig
 - P-Notes
 - Disb
- Overnight Delivery of P-Notes to LOC



Direct Loan Processing

- **Resolve Discrepancies ASAP**
 - Utilize DL Reports
 - **Compare with Local Reports**
 - 30 Day Warning, 732 Reports, DL Volume Report
 - Contact LOC Directly
 - Make Corrections/Changes
 - Follow Up
- **Request Drawdown of Funds/Confirm with DLSAS Reports**



Recommendations

- Automate as much as possible
- Export/Import on a regular basis
- Resolve discrepancies ASAP
- Utilize all available resources

More Recommendations

- Talk to LOC as often as necessary
- Train Staff/Communicate Often
- Follow up, Follow up, Follow up
- Work long hours



Session 41

Presenter: Wood Mason
Client Account Manager
Atlanta, GA

Common Threads

- Follow up
- Clean up
- Reports
- FIX!
- DLSAS
- 30-Day Warning Report



DLSAS

- **LOC generated report**
- **Message class DSASxxOP.xxx**
- **3 parts**
 - **Cash summary**
 - **Cash detail**
 - **Loan detail**



DLSAS

- **Monthly reconciliation is a required task**
- **DLSAS ED specified tool to use to accomplish monthly reconciliation**
- **Monthly “snapshot” of cash and disbursement activity of school**

Reports

■ Internal

- List Loans
- Anticipated/Actual Disbursements
- List P-Notes
- List Cash

■ LOC

- 30-Day Warning
- Loan Detail Exception Report



Session 41

Presenter: Misty Parkinson
Client Account Manager
New York, NY

Monthly Reconciliation

The process by which a school's Direct Loan ECB as reported by the Loan Origination Center (LOC) is reviewed by the school and compared with the school's internal records on a monthly basis. Schools should resolve all discrepancies.





Program Year Closeout

The process of reconciling all school information to the information contained at the LOC, and of bringing all ending cash balances to zero.



LOC Monthly Reports

- DLSAS
- 30-Day Warning Report
- 732LOS
 - Summary
 - Cash and Loan Detail



What Is the 30-Day Warning Report?

- Report sent by the LOC to assist schools with the identification of unbooked loans.
- Sent to schools monthly
- Report can be imported into EDEExpress
 - Message Class is DIWRxxOP



The 30-Day Warning Report

- Lists “active” S, U and P loans that have an accepted origination at LOC, but no PN and/or 1st disbursement
- Lists “active” P loans with a failed credit decision
- Lists PNs with no corresponding origination record



What Is the 732-LOS Report?

- Report sent by the LOC to assist schools with reconciliation and closeout.
- Sent to schools monthly as two separate text files:
 - Summary file
 - Cash and Loan detail file



The 732-LOS Summary File

- Includes YTD total balances for:
 - cash receipts
 - returns of excess cash
 - booked disbursements and adjustments
 - unbooked disbursements and adjustments
- ED's official Ending Cash Balance.



The 732-LOS Detail File

- Contains YTD:
 - Individual drawdowns and excess cash transactions
 - Loan level disbursement information
 - for each booked loan
 - for unbooked loans with accepted origination records and disbursements



732-LOS File Layout

- Message classes (99/00 and 00/01):
 - ED13xxOP (summary)
 - ED12xxOP (detail)
- Sent to schools as a comma delimited file that is:
 - Easily formatted in Excel
 - Template available
 - Easily compared to schools database
 - Access program available



The Formatted 732- LOS Summary

Total Cash Receipts	Total Excess Cash	Cash on Hand	Total Actual Disb	Total Canc. Disb	Total Adj	Net Loan Detail	Ending Cash Balance	Net Unbkd	Adjusted Ending Cash Bal	Short Name for School
90000	-10000	80000	100000	0	-10000	90000	-10000	20000	-30000	SFA UNIVERSITY



The Formatted 732-LOS Detail (Cash)

Report Run Date	Receipt or Excess	GAPS Date/ Applied Date	Amount	LOC Post Date	GAPS Control Number	Check #
6/1/01	R	4/3/01	25000	4/5/01	200004030001	
6/1/01	R	4/22/01	15000	4/25/01	200004220012	
6/1/01	R	4/27/01	50000	4/30/01	200004270035	
6/1/01	X	5/10/01	-5000	5/10/01		1105



The Formatted 732- LOS Detail (Loans)

LOC Report Date	Booked or Unbooked	Loan Identifier	Gross	Fee	Net
6/1/01	B	111111111U01G01234001	1917	57	1860
6/1/01	B	111222222S01G01234001	4122	122	4000
6/1/01	B	111333333S01G01234001	1463	43	1420
6/1/01	U	333444555S01G01234001	5154	154	5000
6/1/01	U	444555666S01G01234001	5154	154	5000



What Is the Compare Program?

- Microsoft Access 97 database program
 - Developed by DLCAMG
 - Compares school and LOC cash and disbursement information electronically
 - Generates reports to show matched and unmatched records
 - Updated each year, and available for both EDExpress and non-EDExpress schools



What the Compare Program Can Do

- Determine loan records that need to be sent to the LOC
- Point out which loan data previously sent to the LOC needs to be corrected
- Identify outstanding loans that need to be booked



Where to Get Help

- The Excel Template and the Compare Program are available from your regional CAM
- Assistance with any Direct Loan issues can be obtained from your regional CAM, and/or your CSR at the Loan Origination Center



Session 41

Presenter: Brad Sirstins

Reconciliation Manager

LOC

Hints from the perspective of the LOC

- Backup
- Backup
- Backup
- Backup your system
- Make sure the backup is taking place
- Test your backup to be sure it will work if ever needed



Monthly Reconciliation = Annual Closeout

“Closeout is just another month.”

- Daily
- Weekly
- Monthly



Excess Cash

- Write the program year on the check
- Include the program year in the comments section of the wire
- DLB 00-19

HELP!?!

- Who is your CSR?
- Who is your Reconciliation Accountant?
 - Monitor ending cash balances
 - Monitor batches
- 1-800-848-0978

Monthly Reports

- DLSAS
- 732-LOS
- 30 Day Warning Report

LO Website

- You see what your LOC representative sees
- You get quicker resolution of rejects
- You can view batch activity detail, drawdown activity and excess cash detail

